GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6175
ANSWERED ON:06.05.2005
COOPERATIVE CREDIT
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has constituted a number of Committees for revitalization of Co-operative Banks in the country;

(b) if so,whether reports have been submitted by the concerned Committees;

(c) if so,details of recommendations made therein;

(d) the action taken by the Government thereon;

(e) whether Task Force headed by Jagdish Kapoorrecommended for ending of dual control,one by State Government and another by RBI/NABARD on co-operative banks;and

(f) if so,the details thereof alongwith the action taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) and (b): Yes, Sir. The key Committees have been Task Force to study the functioning of co-operative credit system and suggest measures for its strengthening`(Capoor Committee-1999),joint committee on revitalization support to co-operative credit structure`(Vikhe Patil Committee-2001) and A Task Force on Revival of co-operative Credit Insitutions (Prof. A.Vaidyanathan Committee-August,2004). All these committees have submitted their reports.

(c): Gist of the recommendations made by the various committees are as under:-

(i) removal of State Government`s intervention in administration and financial matters;

(ii) ensuring full voting rights on all users of financial services including deposits;

(iii) permitting co-operatives registered under parallel Acts(in States applicable) to be members of co-operatives registered under the Co-operative Societies Act and vice versa;

(iv) limiting the exercise of powers of the State Governments to supersede Boards;

(v) bringing co-operative banks at par with commercial banks in terms of prudent financial regulations;

(vi) prescribing capital adequacy norms for co-operative banks; and

(vii) prohibiting any co-operative other than co-operative bank from accepting public deposits from any person other than its members.

(d),(e) and (f) : The Task Force set up under the Chairmanship of Jagdish Kapoor had recommended for ending of dual control. Simultaneously,the necessity of making necessary legal provisions to tighten the control of RBI and to remove the duality of control over Co-operative Banks were also felt by the Central Government. Accordingly, Banking Regulation (Amendment) and Misc. Provisions Bill 2003 was prepared and recommendations of Jagdish Kapoor Committee were suitably incorporated while preparing the Bill. The Bill was introduced in the Lok Sabha. However, the Bill lapsed consequent to the dissolution of the 13th Lok Sabha.